

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes.

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1 MR. WALSH: Mr. Chairman, staff has no cross of
2 this witness.

3 CHAIRMAN WISE: Thank you, Mr. Walsh. The only
4 help I can get.

5 AT&T?

6 MS. OCKLEBERRY: No questions.

7 CHAIRMAN WISE: Competitive Carriers of the South?

8 MR. MAGNESS: No questions, Mr. Chairman.

9 CHAIRMAN WISE: Covad?

10 CROSS-EXAMINATION

11 BY MR. WATKINS:

12 Q Good afternoon, Mr. Williams. My name is Gene
13 Watkins. I represent Covad Communications.

14 A Good afternoon.

15 Q Mr. Williams, can you -- do you have a copy of
16 your direct testimony with you?

17 A I do.

18 Q Could you turn to page 3 at line 6. At line 6,
19 you have recurring rates of \$2.76, \$5.51, and 8.27
20 respectively. Are those rates the Zone 1 stand-alone loop
21 rate for Georgia, or are those percentages of it?

22 A Those rates are 25 and 50 and 75 percent of a
23 copper loop rate for Zone 1 in Georgia.

24 Q Is that rate \$11.02?

25 A It is.

1 Q And you're proposing here a price for the high
2 frequency portion of the loop of \$9.75; is that correct?

3 A That is correct.

4 Q Now with line sharing, we have kind of a unique
5 product, because BellSouth has a voice customer on the same
6 loop that it's providing for the line sharer; isn't that
7 right?

8 A That's right.

9 Q Does BellSouth recover its loop costs from the
10 voice customer, or does BellSouth sell that voice product at
11 a loss?

12 A I'm not an expert on that voice product, but I
13 understand that we do recover our cost.

14 Q Will you turn to page 3, line 28. You provided a
15 quotation from the FCC that discusses the pricing of the
16 HFPL -- HFPL that creates a dilemma. Either the incumbent
17 LEC is allowed to over-recover their loop costs by fully
18 charging for both the HFPL and the low frequency portion of
19 the loop, or the competitive LEC is allowed to purchase the
20 high frequency portion of the loop at a price of roughly
21 zero.

22 The -- the CLEC doesn't get a whole loop when they
23 pay for the high frequency portion of the loop in line
24 sharing, do they?

25 A No, sir, they do not. The FCC, when they

1 established line sharing, provided the CLECs to have access
2 to the high frequency portion, not that they would actually
3 own any portion of it.

4 Q The price -- the UNE price for the stand-alone
5 loop in Georgia is not designed to compensate either
6 BellSouth or the CLEC for the whole loop -- excuse me, for
7 the high frequency portion of the loop, is it?

8 A No. The rates for line sharing are -- are not,
9 nor have they ever been, based on cost.

10 Q The consideration of the FCC in ordering the
11 transitional rate was designed to move a carrier from the
12 high frequency portion of the loop to a stand-alone loop;
13 right?

14 A Yes, the FCC ordered that there would be a
15 transitional rate, and at the end of the third year, the
16 CLEC should pay for a full price of a loop without voice
17 service, but we're not proposing that. We're proposing that
18 if we are ordered to provide line sharing, we will continue
19 to do that. But we be able to price it at a price that is a
20 market-based rate.

21 And the way we arrived at our 9.75 market-based
22 rate, we looked at the rate that the FCC said is just and
23 reasonable according to their three step-up process to go
24 right now to 8.27 a month. And we also looked at the full
25 price of a loop, \$11.02, and we found a price somewhere in

1 the middle range of that, 9.75, and we think that is a just
2 and reasonable price.

3 Q You would agree with me, though, that that price
4 is based on moving the CLEC to the entire loop; right?

5 A CLECs always have a choice of buying an entire
6 loop.

7 Q Okay.

8 A They always have.

9 Q If you could turn to page 5 of your testimony,
10 lines 12 to 14. It says, "In addition, BellSouth has
11 attempted to create a rate proposal that provides business
12 value to its shareholders."

13 Could you state what additive there was to the
14 rate that you were proposing to arrive at a business value
15 to your shareholders?

16 A I'm sorry. Additive to what?

17 Q How much more from the rate that you were
18 considering did you add to get the business value that
19 you're referencing there?

20 A Do you mean the 9.75 rate?

21 Q Well, I don't -- I was -- if you added nothing, it
22 would be 9.75. If there was an underlying cost to BellSouth
23 and you were adding onto that to provide business value to
24 your shareholders, how much did you add?

25 A Oh, these rates are not cost-based. This is not a

1 cost basis for the 9.75. We looked at what the FCC said we
2 were allowed to charge the third year of the step-up
3 -- step-up process, and we looked at the full loop rate, and
4 we arrived at what we think is a fair and equitable price in
5 the middle of those two prices. It's not cost-based.

6 Q So what did you mean by, "In addition, BellSouth
7 has attempted to create a rate proposal that provides
8 business value to its shareholders"?

9 A What I meant by that is a price that allows
10 BellSouth to add value to its business. We can make a
11 profit. We can make margin.

12 Q At lines -- at page 5, lines 19 to 25, you
13 identify other charges to engage in line sharing. Can you
14 identify the other charges by amount?

15 A Well, I don't know the approved OSS charge in
16 Georgia off the top of my head, but I believe that if CLECs
17 are ordering line sharing we should be allowed to charge
18 whatever that rate is that the Georgia Commission has
19 previously approved.

20 Q Is that true also for the cancellation of local
21 service requests?

22 A It is for everything that's in my testimony that I
23 listed here, yes. We think we should be allowed to recover
24 those charges that are -- have been previously approved by
25 this Commission.

1 Q Mr. Williams, I'd like to show you some documents
2 that BellSouth produced in discovery, and ask you some
3 questions about them.

4 MR. WATKINS: Mr. Chairman, I'd ask that the
5 documents we're about to pass out be collectively labeled as
6 Williams Exhibit 1. Or is it -- are we up to 2?

7 Mr. Chairman, these documents are trade secret.
8 They need to be marked and treated as such. We will not be
9 referencing any numbers contained in them except by line
10 within the document.

11 CHAIRMAN WISE: Thank you.

12 Mr. Watkins, do you have a copy for us?

13 MR. WATKINS: Mr. -- Mr. Jones -- why don't you
14 pass out the first one.

15 COMMISSIONER BAKER: Could I ask Mr. Williams, was
16 he present here for Dr. Taylor's portion of the testimony?

17 THE WITNESS: Yes, I was.

18 COMMISSIONER BAKER: Okay. And do you remember
19 him referencing the 60 interconnection agreements in his
20 testimony, or referencing that discussion, that there were
21 existing signed interconnection agreements with
22 approximately 60 CLECs?

23 THE WITNESS: Yes, I do remember that.

24 COMMISSIONER BAKER: Okay. He had indicated he
25 hadn't reviewed those. Do you know if, in any of those 60

1 interconnection agreements, the current line sharing rate
2 that you're recommending is being charged in any of those?

3 THE WITNESS: No, sir, that rate would not be in
4 any of those agreements. No, this is a proposed market-
5 based rate which we have, and it was only offered last week
6 for the first time.

7 BY MR. WATKINS:

8 Q Mr. Williams, while we're in the process of
9 putting together this collective exhibit, I'm going to ask
10 you a blanket question for each of them. In the far left
11 column of these -- well, do you recognize this document? Or
12 these documents?

13 A The one I'm looking at is for DS3 transport (UNE)?

14 Q Yes, sir.

15 A Yes, I recognize that.

16 Q Was this produced by BellSouth in discovery?

17 A Yes, it was. This was a part of a business plan
18 that BellSouth put together at the request of Covad, when
19 they asked us to put together a comprehensive offer. Covad
20 indicated they would be willing to pay more for --

21 MR. WATKINS: Mr. Chairman, the witness is about
22 to get into a trade secret issue.

23 Mr. Williams, if you don't mind, I'm not going to
24 -- we're not going to get into the interplay of this with
25 any negotiations. This is going to be purely questions

1 about this document. And this I'll just ask this as a
2 blanket question for all of these documents.

3 BY MR. WATKINS:

4 Q If you look down in the left-hand column there is
5 a line that reads, "Total Expense." And then a number
6 follows that. Please do not reference that number orally.
7 But is that number BellSouth's underlying cost to provide
8 this element as it is described in the header?

9 A This number is identified as a cost number that's
10 based on internal costing accounting systems, not forward-
11 looking costs that we traditionally file in cost
12 proceedings. So it's very different than costs that have
13 been presented to this Commission in the past.

14 Q In TELRIC? It's not a TELRIC number; is that what
15 you mean?

16 A It's not a TELRIC number, that's right. It's
17 based on an internal cost accounting system that may be a
18 proxy for a cost, but is not representing the forward-
19 looking costs.

20 Q And in BellSouth's mind, is there a difference
21 between special access and UNE in terms of the services
22 provided?

23 A I am not an expert in that area, I'm the line
24 sharing and the line splitting product manager. But as far
25 as I understand, the functionality of the services are the

1 same.

2 Q So special access isn't a Cadillac and UNE isn't a
3 Yugo?

4 A There are some differences in the service levels.
5 But as far as the speeds of the services, things like that,
6 they are the same. The way the services are delivered,
7 there are some differences.

8 Q All right. Could you take a look at the remainder
9 of the sets of documents provided there and tell me if those
10 documents were produced by BellSouth in the context of a
11 discovery request?

12 MR. WATKINS: Yes. Yes, I'm --

13 Just for the record, counsel for Covad represents
14 that this document is printed as it was produced.

15 (The witness reviews a document.)

16 THE WITNESS: These appear to be the documents
17 that we produced in discovery, yes.

18 BY MR. WATKINS:

19 Q To your knowledge, is the -- the number listed in
20 -- under "Total Expense" in each one of those an accurate
21 number as you've described the price methodology?

22 A As I've described the cost methodology, it's
23 -- it's correct as I described.

24 Q Now, Mr. Williams, you've been involved in the
25 line sharing negotiation with Covad from the very beginning;

1 haven't you?

2 A Yes, I have.

3 Q You were the subject matter expert beginning -- do
4 you remember approximately how long ago those negotiations
5 started?

6 A They started shortly after the TRO was issued.

7 Q Would you agree that on or about January 30, 2004,
8 BellSouth made its first voluntary offer in the commercial
9 line sharing negotiations with Covad?

10 A Yes, that offer was either in January or February
11 of 2004.

12 MR. WATKINS: Mr. Chairman, Mr. Jones is passing
13 out Covad Exhibit 2. It is also a trade secret document.
14 And we would ask that this document be treated as such.

15 MS. MAYS: Mr. Chairman, just to be clear, to the
16 extent that we -- I'm sorry. I know that we're trying to be
17 very careful about confidential commercial discussions. But
18 I want to be clear that to the extent we need to redirect
19 Mr. Williams, we're going to have the same problem. If
20 there's anything left with piece parts of it, of an offer,
21 or piece parts of something that he needs to explain
22 something else, we're going to need the latitude of making
23 sure the record is clear on our part. So --

24 MR. WATKINS: And, Mr. Chairman, again, I am not
25 going to get into any of the details of this document except

1 as just referencing the document itself.

2 (The documents referred to were
3 marked for identification as TRADE
4 SECRET Covad Exhibits 1 and 2.)

5 BY MR. WATKINS:

6 Q Mr. Williams, do you recognize this document?

7 A Yes, I do.

8 Q Without getting into the internal details of it,
9 can you tell us what it is?

10 A This is a comparison that I put together for my
11 management that talks about the BellSouth offer that -- for
12 line -- a commercial line sharing arrangement, the counter
13 that Covad made and a proposed counter that I was making to
14 BellSouth management. It also addresses the arrangement of
15 our -- the agreement between Qwest and Covad for line
16 sharing, and Verizon and Covad, as I understood those
17 agreements.

18 Q Do you know approximately the date that this
19 document was created?

20 A It was probably in 2004. I don't -- I don't
21 remember when that would be exactly.

22 Q Does this document reflect the state of the
23 pricing offer from -- from BellSouth in October of 2005?

24 A Would you ask that question again, please.

25 Q Does this document -- I'll direct your attention

1 to page 3 in the sections identified as "Monthly recurring
2 and non-recurring." Does this document show the pricing
3 offer from BellSouth in October of 2005?

4 MS. MAYS: Mr. Chairman --

5 A I'm not certain.

6 MS. MAYS: -- if I could, in order to fully answer
7 the question, we believe the witness will have to discuss
8 the entirety of this offer. Just so that it is clear, this
9 is not and never was a stand-alone line sharing offer. This
10 is --

11 MR. WATKINS: Mr. Chairman, the -- the fact that
12 she wants to discuss has already been discussed before you.
13 And, frankly, Covad doesn't have a strong objection to it.
14 And that is what those rates may or may not have been tied
15 to.

16 MS. MAYS: It's confidential commercial
17 negotiations.

18 MR. WATKINS: Counsel for BellSouth was the first
19 one to state those in the open forum.

20 MS. MAYS: It was in answer to --

21 CHAIRMAN WISE: Ms. Mays, I -- I just -- I don't
22 see how I can sustain your objection. I -- you know, I
23 think we're -- we're treading carefully. We're not -- we're
24 not going into items that should not be disclosed. I think
25 we all understand that in negotiations it's a total package

1 and it's per company. And I think that's -- that's
2 recognized.

3 MS. MAYS: We just want to make sure the record
4 very clearly reflects --

5 CHAIRMAN WISE: We'd already heard on the --

6 MS. MAYS: -- it's a total package.

7 CHAIRMAN WISE: -- the Publix-Safeway concept, you
8 know, so we got that.

9 BY MR. WATKINS:

10 Q Subject to those objections, Mr. Williams, do you
11 still remember the question?

12 A I think. But I -- I believe this is a comparison
13 that was put together in 2004, as best I recall. And the
14 rates we're talking about here that we were considering were
15 relevant at the time because the SEEMs penalties were our
16 primary concern. We were concerned because SEEMs penalties
17 at that time were thought to be 5 million or \$6 million a
18 year, and we would like very much to enter into a commercial
19 line sharing deal to eliminate the SEEMs penalties. So the
20 price was almost secondary at that point in time. So I -- I
21 believe that this was put together in 2004.

22 Q Mr. Williams, are those the same prices that were
23 originally offered in January of 2004?

24 A Well, if you look at the left-hand column, those
25 are the original prices, yes.

1 Q Were those the prices that were on the table in
2 October of 2005, tied or untied to other things?

3 A No, we had offered a different amount and -- and
4 Covad had countered with these prices. But, no, this is not
5 what we offered in 2005, as I recall.

6 Q So would you put the date on this in late 2004?

7 A I believe it was during 2004. I'm not sure
8 exactly when that would be. I would not say it was late in
9 2004, because late in 2004 I don't believe we were
10 negotiating.

11 Q If you could direct your attention to page 1 under
12 "Qwest/Covad," the first box. You would agree that this
13 chart was created after the Qwest/Covad agreement was
14 signed; is that correct?

15 A Yes, that's probably right.

16 Q And you would agree that the Qwest/Covad agreement
17 was signed in October 2 of 2004?

18 A Right. That -- that's what this indicates. And
19 as I recall, we never presented these prices to Covad that's
20 in this middle column.

21 Q Okay. So you would agree with me that the price
22 from January of 2004 until at least October of 2004 was the
23 same price?

24 MS. MAYS: I would object.

25 A No, I would not agree with that. We made an

1 offer, and there was a Covad counter, and we were far apart.

2 COMMISSIONER BAKER: So when the offer was
3 rejected, it was not preserved?

4 THE WITNESS: That's correct. It was off the
5 table.

6 MR. JONES: Mr. Chairman, may I approach the
7 witness with the next exhibit?

8 CHAIRMAN WISE: Yes.

9 MR. WATKINS: Mr. Chairman, this is also a trade
10 secret document, and we would ask that it be treated as
11 such.

12 (The document referred to was marked for
13 identification as TRADE SECRET
14 Covad Exhibit Number 3.)

15 BY MR. WATKINS:

16 Q Mr. Williams, have you had an opportunity to look
17 at this document?

18 A Yes, I have.

19 Q Does this refresh your recollection as to the
20 rates being offered in January of 2004?

21 A Right, that's consistent with the rates that we
22 offered in January to Covad.

23 Q The document that's marked as Covad 2, which is
24 this chart, the first column is identified as "BellSouth
25 offer"; is that right?

1 A That's right.

2 Q And you would agree that the rates contained in
3 that column are the same rates attached to this January 30,
4 2004 letter?

5 A That's correct. But these -- this offer was not
6 accepted.

7 Q In the far left-hand column of the -- Exhibit A to
8 this January 30, 2004 letter, under SME, is that TWU?

9 A I'm sorry, what -- what am I looking at, now?

10 Q Exhibit A to the January 30 letter. Is that TWU
11 under SME?

12 A Yes, it is.

13 Q That's subject matter expert?

14 A That's right.

15 Q All right. And to your knowledge, were these
16 rates the pricing offer from BellSouth at each point in the
17 negotiations until Thursday last week?

18 A No. No, we -- we had another offer.

19 Q Do you recall any variation from these particular
20 prices, without getting into specifics?

21 A Yes. What we offered before was -- was different
22 than -- than these prices.

23 Q And you're saying in October of 2004 or October of
24 2005?

25 A I'm saying in 2005, and I believe it was May, we

1 proposed another line sharing price that was a comprehensive
2 agreement involving other services.

3 Q Well, is the price for the line sharing portion of
4 that agreement different than these rates?

5 A I believe it was. My recollection is it was.

6 MR. WATKINS: I think that's all I have for you,
7 Mr. Williams.

8 Mr. Chairman, I'd move Covad's 1 through 3 into
9 evidence. Oh, 1 is -- collective 1 are all those rate
10 sheets.

11 MS. MAYS: This is 1?

12 MR. WATKINS: Yeah, collectively.

13 MS. MAYS: This is 2?

14 MR. WATKINS: 2 is the chart, 3 is the letter.
15 Subject to trade secret protection and -- and designation.

16 CHAIRMAN WISE: All right.

17 (The documents, heretofore marked
18 as TRADE SECRET Covad Exhibits 1, 2
19 and 3, were received in evidence.)

20 MS. MAYS: All I was going to do, Mr. Chairman,
21 was move for Mr. Williams' testimony exhibits to go into the
22 record.

23 CHAIRMAN WISE: Thank you.

24 (The document, heretofore marked as
25 BellSouth Exhibit Number 2, was

1 received in evidence.)

2 MS. MAYS: And also ask if Mr. Williams could be
3 excused.

4 CHAIRMAN WISE: He may. Thank you.

5 (Witness excused.)

6 CHAIRMAN WISE: Mr. Watkins?

7 MR. WATKINS: Are we up to Mr. Weber?

8 Mr. Weber, can you raise your right hand.

9 Whereupon,

10 WILLIAM H. WEBER

11 appeared as a witness herein, and having been first duly
12 sworn, was examined and testified as follows:

13 DIRECT EXAMINATION

14 BY MR. WATKINS:

15 Q Can you state your name for the record?

16 A William H. Weber.

17 Q Could you state your address for the record.

18 A 1230 Peachtree Street Northeast, Suite 1900, with
19 Covad Communications.

20 Q Did you cause to be filed in this docket 16 copies
21 of four pages of direct testimony?

22 A I did.

23 Q Did you cause to be filed in this docket 16 copies
24 of a single exhibit attached to that testimony?

25 A I did.

1 MR. WATKINS: Subject to cross, Mr. Chairman,
2 Covad would move -- excuse me, CompSouth --

3 I'm not sure who I am right now. CompSouth or
4 Covad would move Mr. Weber's testimony into evidence, as
5 well as his -- the attached exhibit.

6 CHAIRMAN WISE: They will be.

7 (Whereupon, the prefiled testimony of Mr.
8 Weber follows:)

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**BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION**

In the Matter of: Generic Proceeding to)
Examine Issues Related to BellSouth's) Docket No. 19341-U Phase II
Obligation to Provide Unbundled Network) February 10, 2006
Elements)

**Testimony of William H. Weber
On Behalf of
DIECA Communications, Inc., d/b/a Covad Communications Company
(Covad)**

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A. Non Recurring Rate Proposals.....	3
B. Recurring Rate Proposals.....	4

I. Introduction

Q. Mr. Weber, please state your name, title and business address.

A. My name is William Weber, and I am Covad's Vice President of Regulatory Affairs & Operations. Our regional offices are located at 1230 Peachtree Street, 19th Floor, Atlanta, Georgia 30309.

Q. What is the purpose of your testimony?

A. The purpose of my direct testimony is to provide the Georgia Public Service Commission (the "Commission") with Covad's position on the appropriate rate under section 271 for line sharing.

Q. What is your background?

A. I am a 1987 graduate of the United States Naval Academy and a 1996 graduate of the University of Georgia Law School. Before joining Covad, I was an attorney

1 in private practice. Prior to that, I was a law professor at the University of
2 Georgia and an attorney for the United States Marine Corps. I also spent six years
3 as an armor officer in the Marine Corps.

4 **Q. Mr. Weber, please describe your responsibilities at Covad.**

5 A. As Covad's Vice President of Regulatory Affairs & Operations, I act as a liaison
6 between Covad's business and operations personnel and the legal and regulatory
7 relations of Covad with Regional Bell Operating Companies ("RBOCs"),
8 including BellSouth Telecommunications, Inc. ("BellSouth"). In that capacity I
9 have been involved in the negotiation of all commercial agreements for line
10 sharing with BellSouth and other RBOCs.

11 **Q. Mr. Weber, have you previously filed testimony in this proceeding?**

12 A. No.

13 **Q. What is Covad's position in this proceeding?**

14 A. The Commission should order BellSouth to incorporate access to line sharing, as
15 well as rates for line sharing, into its Interconnection Agreement with Covad
16 pursuant to BellSouth's obligations under 47 U.S.C. § 271(c)(2)(B)(iv)
17 ("Checklist Item 4").

18 **Q. What is Covad's position regarding the testimony sponsored by CompSouth**
19 **in this phase of the proceeding?**

20 A. Covad is a member of CompSouth and supports the positions of CompSouth set-
21 forth in the direct testimony of Joe Gillan in this phase of the proceedings.

22 **II. Specific Just and Reasonable Rate Proposals**

23 **Q. What rates for line sharing does Covad propose in this proceeding?**

1 A. Covad's proposed rates are set-forth in Exhibit A to my testimony.

2 **Q. How did you arrive at the nonrecurring rates contained in Exhibit A?**

3 A. Covad, like BellSouth, believes that there should be a single region-wide 271 rate
4 for all elements BellSouth is obliged to provide under section 271. Accordingly,
5 the non-recurring rates contained in Exhibit A are an average of all non-\$0
6 regional rates set for those specific elements in various cost proceedings in all
7 BellSouth states where Covad does business. Those states are Alabama, Florida,
8 Georgia, Kentucky, Louisiana, North Carolina and Tennessee.

9 **Q. Why did you exclude \$0 nonrecurring rates from the averaged rates you**
10 **propose?**

11 A. Just and reasonable non-recurring rates should reflect the cost to provide an
12 element when there is a rate. Covad excluded all rates set at \$0 because those
13 rates were normally set at \$0 because of TELRIC-related considerations or the
14 inclusion of the costs in the recurring rate in that state. For instance, loop
15 conditioning involving load coil removal was set at \$0 in most states because a
16 forward-looking network would not contain them. Because historic just and
17 reasonable rates were cost-based, and load coil removal does involve costs to
18 BellSouth, Covad did not include any \$0 nonrecurring rates in any part of the
19 calculation of a proposed rate. Similarly, the Commission included all
20 nonrecurring splitter costs in the recurring rate and, therefore, had a \$0
21 nonrecurring rate for splitters. Again, the provision of line sharing using splitters
22 does result in a cost to BellSouth, so Covad used all cost-based rates in the region
23 to arrive at a just and reasonable nonrecurring rate for splitters. As a

1 consequence, the rates proposed by Covad are the best approximation of
2 BellSouth's actual cost to provide an element and include a reasonable profit.
3 They are based on numerous diverse efforts by state commissions across the
4 Southeast to examine BellSouth's actual costs to provide a given network element
5 and to set just and reasonable rates to compensate BellSouth for those costs,
6 including a reasonable profit.

7 **Q. How did you arrive at the recurring rates contained in Exhibit A?**

8 A. Having negotiated and entered into line sharing agreements with every RBOC
9 other than BellSouth, Covad has a firm grasp on the just and reasonable recurring
10 rate for line sharing. We have also entered into line sharing negotiations with
11 BellSouth in the past, although those negotiations have never yielded an
12 agreement. Given this experience, the recurring rates proposed by Covad here are
13 just and reasonable. BellSouth cannot, in good faith, dispute that opinion.
14 Indeed, the rates are clearly reflective of actual costs to BellSouth, plus a
15 reasonable profit, as they are well in excess of the current UNE rate for those
16 same elements.

17 **Q. Why are you not basing your opinion on any cost analysis from BellSouth?**

18 A. At the time this testimony was prepared, BellSouth had not produced any analysis
19 of its costs to provide line sharing, despite being ordered to do so. At such time
20 as BellSouth provides a cost analysis related to line sharing, Covad reserves its
21 right to amend its proposed rates.

22 **Q. Does that conclude your testimony?**

23 A. Subject to the discovery of additional information, yes.

1 THE REPORTER: How are we marking the exhibit?

2 MR. WATKINS: I believe it was Exhibit A. Covad
3 Exhibit A. Is it 4? You want to just be consistent? Covad
4 4. And it is not trade secret.

5 (The document referred to was
6 marked for identification as Covad
7 Exhibit Number 4 and received in
8 evidence.)

9 THE WITNESS: And, Mr. Watkins, would you care for
10 me to give a --

11 MR. WATKINS: Yes.

12 BY MR. WATKINS:

13 Q Mr. Weber, do you have a summary?

14 CHAIRMAN WISE: You know, your last cross must
15 have gone so well, I guess you're flustered.

16 MR. WATKINS: I'm -- one would think.

17 THE WITNESS: Mr. Chairman, Commissioners, my
18 testimony's only four pages, so my summary can't be that
19 large. But I did want to --

20 CHAIRMAN WISE: You must not have that much
21 experience here then.

22 (Laughter.)

23 THE WITNESS: Sir, what -- what my testimony does,
24 it sets -- sets out the methodology that Covad used.

25 CHAIRMAN WISE: Hang on. Mr. Watkins, did you